

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Reverse Mortgage Act.

6 Section 5. General definitions. As used in this Act, unless
7 the context otherwise requires:

8 "Borrower" means a natural person who seeks or obtains a
9 reverse mortgage.

10 "Homestead property" means the domicile and contiguous
11 real estate owned and occupied by the borrower. "Homestead
12 property" includes a manufactured home as defined in
13 subdivision (53) of Section 9-102 of the Uniform Commercial
14 Code that is real property under Section 5-35 of the Conveyance
15 and Encumbrance of Manufactured Homes as Real Property and
16 Severance Act.

17 "Lender" means a natural or artificial person who
18 transfers, deals in, offers, or makes a reverse mortgage.
19 "Lender" includes, but is not limited to, creditors and brokers
20 who transfer, deal in, offer, or make reverse mortgages.
21 "Lender" does not include purchasers, assignees, or subsequent
22 holders of reverse mortgages.

23 "Real property" includes a manufactured home as defined in

1 subdivision (53) of Section 9-102 of the Uniform Commercial
2 Code that is real property under Section 5-35 of the Conveyance
3 and Encumbrance of Manufactured Homes as Real Property and
4 Severance Act.

5 "Reverse mortgage" means a non-recourse loan, secured by
6 real property or a homestead property, that complies with all
7 of the following:

8 (1) Provides cash advances to a borrower for the
9 purchase of the home or based on the equity in a borrower's
10 owner-occupied principal residence, provided that it is a
11 residence with not more than 4 units.

12 (2) Requires no payment of principal or interest until
13 the entire loan becomes due and payable.

14 Section 10. Reverse mortgages.

15 (a) Reverse mortgage loans shall be subject to all of the
16 following provisions:

17 (1) Payment, in whole or in part, shall be permitted
18 without penalty at any time during the term of the
19 mortgage.

20 (2) A reverse mortgage may provide for an interest rate
21 that is fixed or adjustable and may provide for interest
22 that is contingent on appreciation in the value of the
23 property.

24 (3) If a reverse mortgage provides for periodic
25 advances to a borrower, the advances may not be reduced in

1 amount or number based on any adjustment in the interest
2 rate.

3 (4) A reverse mortgage may be subject to any additional
4 terms and conditions imposed by a lender that are required
5 under the provisions of the federal Housing and Community
6 Development Act of 1987 to enable the lender to obtain
7 federal government insurance on the mortgage if a loan is
8 to be insured under that Act.

9 (b) The repayment obligation under a reverse mortgage is
10 subject to all of the following:

11 (1) Temporary absences from the home not exceeding 60
12 consecutive days shall not cause the mortgage to become due
13 and payable.

14 (2) Temporary absences from the home exceeding 60 days,
15 but not exceeding one year, shall not cause the mortgage to
16 become due and payable, provided that the borrower has
17 taken action that secures the home in a manner satisfactory
18 to the lender.

19 (c) A reverse mortgage shall become due and payable upon
20 the occurrence of any of the following events, unless the
21 maturity date has been deferred under the Federal Housing
22 Administration's Home Equity Conversion Mortgage Program:

23 (1) The property securing the loan is sold.

24 (2) All borrowers cease to occupy the home as a
25 principal residence.

26 (3) A fixed maturity date agreed to by the lender and

1 the borrower is reached.

2 (4) Default by the borrower in the performance of its
3 obligations under the loan agreement.

4 (5) The death of the borrower or, for homestead
5 properties in joint tenancy, the death of the last
6 surviving joint tenant who had an interest in the property
7 at the time the loan was initiated.

8 Section 15. Reverse mortgage disclosures.

9 (a) The Office of the Attorney General shall develop the
10 content and format of the following 2 documents regarding
11 reverse mortgage loans for the purpose of consumer education:

12 (1) An educational document providing independent
13 consumer information regarding reverse mortgages,
14 potential alternatives to reverse mortgages, and the
15 availability of independent counseling services, including
16 services provided by nonprofit agencies certified by the
17 federal government to provide required counseling for
18 reverse mortgages insured by the U.S. Federal Government.
19 The document shall also include a statement that the terms
20 of a reverse mortgage may adversely affect the applicant's
21 eligibility to obtain a tax deferral under the Senior
22 Citizens Real Estate Tax Deferral Act.

23 (2) A document regarding the availability of
24 counseling services that shall be in at least 12-point
25 font, containing contact information (including agency

1 name, address, telephone number, and website) for all
2 agencies with an office in Illinois that are approved by
3 the U.S. Department of Housing and Urban Development (HUD)
4 to conduct reverse mortgage counseling. This document
5 shall contain the following statement:

6 "IMPORTANT NOTICE: Under Illinois law, reverse mortgages
7 are non-recourse loans secured by real or homestead property.
8 Reverse mortgages insured by the U.S. Federal Government, known
9 as Home Equity Conversion Mortgages or HECM loans, require
10 people considering reverse mortgages to get counseling from a
11 federally approved counselor working for a HECM counseling
12 agency prior to applying for the loan. The purpose of the
13 counseling is to help the prospective borrower understand the
14 financial implications, alternatives to securing a reverse
15 mortgage, borrower obligations, costs of obtaining the loan,
16 repayment conditions and other issues. Counseling can also be a
17 benefit to people considering reverse mortgages not insured by
18 the federal government.

19 There are advantages to receiving this counseling in
20 person, but it can also be conducted over the telephone.
21 Illinois State law requires reverse mortgage lenders to provide
22 potential reverse mortgage borrowers with a list including
23 contact information for all agencies with an office in Illinois
24 that are approved by the U.S. Department of Housing and Urban
25 Development (HUD) to conduct reverse mortgage counseling.
26 Contact information for approved counseling agencies located

1 outside of Illinois is available from HUD.".

2 (b) The documents shall be updated and revised as often as
3 deemed necessary by the Office of the Attorney General.

4 (c) At the time of the initial inquiry regarding a reverse
5 mortgage or, if not practically feasible, at the time the
6 lender provides additional written information about reverse
7 mortgages, a lender shall provide to the borrower the documents
8 prepared by the Office of the Attorney General under this
9 Section.

10 Section 20. Reverse mortgages cooling-off period.

11 (a) Any written commitment provided by the lender to the
12 borrower must contain the material terms and conditions of the
13 reverse mortgage. That commitment may be subject to a
14 satisfactory appraisal and the borrower meeting standard
15 closing conditions.

16 (b) A borrower shall not be bound for 3 full business days
17 after the borrower's acceptance, in writing, of a lender's
18 written commitment to make a reverse mortgage loan and may not
19 be required to close or proceed with the loan during that time
20 period. A borrower may not waive the provisions of this
21 subsection (b).

22 (c) At the time of making a written commitment, the lender
23 shall provide the borrower a separate document in at least
24 12-point font that contains the following statement:
25 "IMPORTANT NOTICE REGARDING THE COOLING-OFF PERIOD: Illinois

1 State law requires a 3-day cooling-off period for reverse
2 mortgage loans, during which time a potential borrower cannot
3 be required to close or proceed with the loan. The purpose of
4 this requirement is to provide potential borrowers with 3
5 business days to consider their decision whether to secure a
6 reverse mortgage or not. Potential borrowers may want to seek
7 additional information and an analysis of the commitment from a
8 reverse mortgage counselor during this 3-day period. The 3-day
9 cooling-off period cannot be waived."

10 Section 25. Reverse mortgages; restriction on
11 cross-selling. No lender may:

12 (1) require the purchase of an annuity, investment,
13 life insurance, or long-term care insurance product as a
14 condition of obtaining a reverse mortgage loan; however,
15 nothing in this paragraph precludes a lender from requiring
16 the borrower to purchase property and casualty insurance,
17 title insurance, flood insurance, or other products meant
18 to insure or protect the value of the home and that are
19 customary for residential mortgage or reverse mortgage
20 transactions on the borrower's residence securing the
21 reverse mortgage loan;

22 (2) enter into any agreement to make a reverse mortgage
23 loan that obligates the borrower to purchase an annuity,
24 investment, life insurance, or long-term care insurance
25 product; or

1 (3) receive compensation out of reverse mortgage
2 proceeds for providing the borrower with information
3 relating to an annuity, investment, life insurance,
4 long-term care insurance, or property insurance product.

5 Section 30. Reverse mortgages; restriction on distribution
6 of loan proceeds. No person, other than a borrower's spouse or
7 partner, who directly or indirectly facilitates, processes,
8 negotiates, assists, encourages, arranges, or otherwise
9 induces consumers to take out a reverse mortgage with a lender
10 may receive any portion of the loan proceeds for any service or
11 product, including for services that fall under the Home Repair
12 and Remodeling Act, other than that for bona fide fees for
13 origination of the loan. This Section shall not prohibit
14 disbursements of loan proceeds in compliance with guidelines,
15 including uses defined as mandatory obligations, under the
16 Federal Housing Administration's Home Equity Conversion
17 Mortgage Program.

18 Section 35. Reverse mortgages; certification requirements.

19 (a) No reverse mortgage commitment may be made unless all
20 lenders involved in brokering and making the reverse mortgage
21 loan certify, in writing, that:

22 (1) the borrower has received from the lender the
23 document prepared by the Office of the Attorney General
24 required in Section 15 regarding the advisability and

1 availability of independent information and counseling
2 services on reverse mortgages;

3 (2) the borrower has received from the lender, at the
4 time a written commitment was made to the applicant to
5 provide a reverse mortgage loan, the disclosure document
6 required in Section 20 regarding the 3-day cooling-off
7 period and that at least 3 business days have passed since
8 the document was provided; the certification shall also
9 include the date the cooling-off period disclosure was
10 provided;

11 (3) the reverse mortgage loan does not include any
12 current or future requirement for the applicant to purchase
13 an annuity, investment, life insurance, or long-term care
14 insurance product;

15 (4) no compensation has or will be provided to the
16 lender out of reverse mortgage proceeds for providing the
17 borrower with information relating to an annuity,
18 investment, life insurance, long-term care insurance, or
19 property insurance product; and

20 (5) to their knowledge, no person, other than a
21 borrower's spouse or partner, who directly or indirectly
22 facilitates, processes, negotiates, assists, encourages,
23 arranges, or otherwise induces consumers to take out a
24 reverse mortgage with a lender has received or will receive
25 any portion of the loan proceeds for any service or
26 product, including for services that fall under the Home

1 Repair and Remodeling Act, other than that for bona fide
2 fees for origination of the loan.

3 This Section shall not prohibit disbursements of loan
4 proceeds in compliance with guidelines under the Federal
5 Housing Administration's Home Equity Conversion Mortgage
6 Program, including uses defined as mandatory obligations.

7 (b) The certification regarding these requirements shall
8 be in a separate document in at least 12-point font. The lender
9 shall maintain the certification in an accurate, reproducible,
10 and accessible format for the term of the reverse mortgage.

11 Section 40. Enforcement.

12 (a) Any violation of this Act shall also be considered an
13 unlawful practice under the Consumer Fraud and Deceptive
14 Business Practices Act. Only the Attorney General may enforce
15 violations of this Act. The Attorney General shall only find a
16 violation of this Act if the conduct constitutes a pattern or
17 practice.

18 (b) Any violation of this Act by a licensee or residential
19 mortgage licensee under the Residential Mortgage License Act of
20 1987 shall also be considered a violation of the Residential
21 Mortgage License Act of 1987.

22 Section 900. The Illinois Act on the Aging is amended by
23 changing Section 4.01 as follows:

1 (20 ILCS 105/4.01) (from Ch. 23, par. 6104.01)

2 Sec. 4.01. Additional powers and duties of the Department.

3 In addition to powers and duties otherwise provided by law, the
4 Department shall have the following powers and duties:

5 (1) To evaluate all programs, services, and facilities for
6 the aged and for minority senior citizens within the State and
7 determine the extent to which present public or private
8 programs, services and facilities meet the needs of the aged.

9 (2) To coordinate and evaluate all programs, services, and
10 facilities for the Aging and for minority senior citizens
11 presently furnished by State agencies and make appropriate
12 recommendations regarding such services, programs and
13 facilities to the Governor and/or the General Assembly.

14 (2-a) To request, receive, and share information
15 electronically through the use of data-sharing agreements for
16 the purpose of (i) establishing and verifying the initial and
17 continuing eligibility of older adults to participate in
18 programs administered by the Department; (ii) maximizing
19 federal financial participation in State assistance
20 expenditures; and (iii) investigating allegations of fraud or
21 other abuse of publicly funded benefits. Notwithstanding any
22 other law to the contrary, but only for the limited purposes
23 identified in the preceding sentence, this paragraph (2-a)
24 expressly authorizes the exchanges of income, identification,
25 and other pertinent eligibility information by and among the
26 Department and the Social Security Administration, the

1 Department of Employment Security, the Department of
2 Healthcare and Family Services, the Department of Human
3 Services, the Department of Revenue, the Secretary of State,
4 the U.S. Department of Veterans Affairs, and any other
5 governmental entity. The confidentiality of information
6 otherwise shall be maintained as required by law. In addition,
7 the Department on Aging shall verify employment information at
8 the request of a community care provider for the purpose of
9 ensuring program integrity under the Community Care Program.

10 (3) To function as the sole State agency to develop a
11 comprehensive plan to meet the needs of the State's senior
12 citizens and the State's minority senior citizens.

13 (4) To receive and disburse State and federal funds made
14 available directly to the Department including those funds made
15 available under the Older Americans Act and the Senior
16 Community Service Employment Program for providing services
17 for senior citizens and minority senior citizens or for
18 purposes related thereto, and shall develop and administer any
19 State Plan for the Aging required by federal law.

20 (5) To solicit, accept, hold, and administer in behalf of
21 the State any grants or legacies of money, securities, or
22 property to the State of Illinois for services to senior
23 citizens and minority senior citizens or purposes related
24 thereto.

25 (6) To provide consultation and assistance to communities,
26 area agencies on aging, and groups developing local services

1 for senior citizens and minority senior citizens.

2 (7) To promote community education regarding the problems
3 of senior citizens and minority senior citizens through
4 institutes, publications, radio, television and the local
5 press.

6 (8) To cooperate with agencies of the federal government in
7 studies and conferences designed to examine the needs of senior
8 citizens and minority senior citizens and to prepare programs
9 and facilities to meet those needs.

10 (9) To establish and maintain information and referral
11 sources throughout the State when not provided by other
12 agencies.

13 (10) To provide the staff support that may reasonably be
14 required by the Council.

15 (11) To make and enforce rules and regulations necessary
16 and proper to the performance of its duties.

17 (12) To establish and fund programs or projects or
18 experimental facilities that are specially designed as
19 alternatives to institutional care.

20 (13) To develop a training program to train the counselors
21 presently employed by the Department's aging network to provide
22 Medicare beneficiaries with counseling and advocacy in
23 Medicare, private health insurance, and related health care
24 coverage plans. The Department shall report to the General
25 Assembly on the implementation of the training program on or
26 before December 1, 1986.

1 (14) To make a grant to an institution of higher learning
2 to study the feasibility of establishing and implementing an
3 affirmative action employment plan for the recruitment,
4 hiring, training and retraining of persons 60 or more years old
5 for jobs for which their employment would not be precluded by
6 law.

7 (15) To present one award annually in each of the
8 categories of community service, education, the performance
9 and graphic arts, and the labor force to outstanding Illinois
10 senior citizens and minority senior citizens in recognition of
11 their individual contributions to either community service,
12 education, the performance and graphic arts, or the labor
13 force. The awards shall be presented to 4 senior citizens and
14 minority senior citizens selected from a list of 44 nominees
15 compiled annually by the Department. Nominations shall be
16 solicited from senior citizens' service providers, area
17 agencies on aging, senior citizens' centers, and senior
18 citizens' organizations. The Department shall establish a
19 central location within the State to be designated as the
20 Senior Illinoisans Hall of Fame for the public display of all
21 the annual awards, or replicas thereof.

22 (16) To establish multipurpose senior centers through area
23 agencies on aging and to fund those new and existing
24 multipurpose senior centers through area agencies on aging, the
25 establishment and funding to begin in such areas of the State
26 as the Department shall designate by rule and as specifically

1 appropriated funds become available.

2 (17) (Blank). ~~To develop the content and format of the~~
3 ~~acknowledgment regarding non-recourse reverse mortgage loans~~
4 ~~under Section 6.1 of the Illinois Banking Act; to provide~~
5 ~~independent consumer information on reverse mortgages and~~
6 ~~alternatives; and to refer consumers to independent counseling~~
7 ~~services with expertise in reverse mortgages.~~

8 (18) To develop a pamphlet in English and Spanish which may
9 be used by physicians licensed to practice medicine in all of
10 its branches pursuant to the Medical Practice Act of 1987,
11 pharmacists licensed pursuant to the Pharmacy Practice Act, and
12 Illinois residents 65 years of age or older for the purpose of
13 assisting physicians, pharmacists, and patients in monitoring
14 prescriptions provided by various physicians and to aid persons
15 65 years of age or older in complying with directions for
16 proper use of pharmaceutical prescriptions. The pamphlet may
17 provide space for recording information including but not
18 limited to the following:

- 19 (a) name and telephone number of the patient;
20 (b) name and telephone number of the prescribing
21 physician;
22 (c) date of prescription;
23 (d) name of drug prescribed;
24 (e) directions for patient compliance; and
25 (f) name and telephone number of dispensing pharmacy.

26 In developing the pamphlet, the Department shall consult

1 with the Illinois State Medical Society, the Center for
2 Minority Health Services, the Illinois Pharmacists Association
3 and senior citizens organizations. The Department shall
4 distribute the pamphlets to physicians, pharmacists and
5 persons 65 years of age or older or various senior citizen
6 organizations throughout the State.

7 (19) To conduct a study of the feasibility of implementing
8 the Senior Companion Program throughout the State.

9 (20) The reimbursement rates paid through the community
10 care program for chore housekeeping services and home care
11 aides shall be the same.

12 (21) From funds appropriated to the Department from the
13 Meals on Wheels Fund, a special fund in the State treasury that
14 is hereby created, and in accordance with State and federal
15 guidelines and the intrastate funding formula, to make grants
16 to area agencies on aging, designated by the Department, for
17 the sole purpose of delivering meals to homebound persons 60
18 years of age and older.

19 (22) To distribute, through its area agencies on aging,
20 information alerting seniors on safety issues regarding
21 emergency weather conditions, including extreme heat and cold,
22 flooding, tornadoes, electrical storms, and other severe storm
23 weather. The information shall include all necessary
24 instructions for safety and all emergency telephone numbers of
25 organizations that will provide additional information and
26 assistance.

1 (23) To develop guidelines for the organization and
2 implementation of Volunteer Services Credit Programs to be
3 administered by Area Agencies on Aging or community based
4 senior service organizations. The Department shall hold public
5 hearings on the proposed guidelines for public comment,
6 suggestion, and determination of public interest. The
7 guidelines shall be based on the findings of other states and
8 of community organizations in Illinois that are currently
9 operating volunteer services credit programs or demonstration
10 volunteer services credit programs. The Department shall offer
11 guidelines for all aspects of the programs including, but not
12 limited to, the following:

13 (a) types of services to be offered by volunteers;

14 (b) types of services to be received upon the
15 redemption of service credits;

16 (c) issues of liability for the volunteers and the
17 administering organizations;

18 (d) methods of tracking service credits earned and
19 service credits redeemed;

20 (e) issues of time limits for redemption of service
21 credits;

22 (f) methods of recruitment of volunteers;

23 (g) utilization of community volunteers, community
24 service groups, and other resources for delivering
25 services to be received by service credit program clients;

26 (h) accountability and assurance that services will be

1 available to individuals who have earned service credits;
2 and

3 (i) volunteer screening and qualifications.

4 The Department shall submit a written copy of the guidelines to
5 the General Assembly by July 1, 1998.

6 (24) To function as the sole State agency to receive and
7 disburse State and federal funds for providing adult protective
8 services in a domestic living situation in accordance with the
9 Adult Protective Services Act.

10 (25) To hold conferences, trainings, and other programs for
11 which the Department shall determine by rule a reasonable fee
12 to cover related administrative costs. Rules to implement the
13 fee authority granted by this paragraph (25) must be adopted in
14 accordance with all provisions of the Illinois Administrative
15 Procedure Act and all rules and procedures of the Joint
16 Committee on Administrative Rules; any purported rule not so
17 adopted, for whatever reason, is unauthorized.

18 (Source: P.A. 98-8, eff. 5-3-13; 98-49, eff. 7-1-13; 98-380,
19 eff. 8-16-13; 98-756, eff. 7-16-14.)

20 (205 ILCS 5/5a rep.)

21 (205 ILCS 5/6.1 rep.)

22 (205 ILCS 5/6.2 rep.)

23 Section 905. The Illinois Banking Act is amended by
24 repealing Sections 5a, 6.1, and 6.2.

1 (205 ILCS 205/1010 rep.)

2 Section 910. The Savings Bank Act is amended by repealing
3 Section 1010.

4 Section 915. The Illinois Credit Union Act is amended by
5 changing Section 46 as follows:

6 (205 ILCS 305/46) (from Ch. 17, par. 4447)

7 Sec. 46. Loans and interest rate.

8 (1) A credit union may make loans to its members for such
9 purpose and upon such security and terms, including rates of
10 interest, as the credit committee, credit manager, or loan
11 officer approves. Notwithstanding the provisions of any other
12 law in connection with extensions of credit, a credit union may
13 elect to contract for and receive interest and fees and other
14 charges for extensions of credit subject only to the provisions
15 of this Act and rules promulgated under this Act, except that
16 extensions of credit secured by residential real estate shall
17 be subject to the laws applicable thereto. The rates of
18 interest to be charged on loans to members shall be set by the
19 board of directors of each individual credit union in
20 accordance with Section 30 of this Act and such rates may be
21 less than, but may not exceed, the maximum rate set forth in
22 this Section. A borrower may repay his loan prior to maturity,
23 in whole or in part, without penalty. The credit contract may
24 provide for the payment by the member and receipt by the credit

1 union of all costs and disbursements, including reasonable
2 attorney's fees and collection agency charges, incurred by the
3 credit union to collect or enforce the debt in the event of a
4 delinquency by the member, or in the event of a breach of any
5 obligation of the member under the credit contract. A
6 contingency or hourly arrangement established under an
7 agreement entered into by a credit union with an attorney or
8 collection agency to collect a loan of a member in default
9 shall be presumed prima facie reasonable.

10 (2) Credit unions may make loans based upon the security of
11 any interest or equity in real estate, subject to rules and
12 regulations promulgated by the Secretary. In any contract or
13 loan which is secured by a mortgage, deed of trust, or
14 conveyance in the nature of a mortgage, on residential real
15 estate, the interest which is computed, calculated, charged, or
16 collected pursuant to such contract or loan, or pursuant to any
17 regulation or rule promulgated pursuant to this Act, may not be
18 computed, calculated, charged or collected for any period of
19 time occurring after the date on which the total indebtedness,
20 with the exception of late payment penalties, is paid in full.

21 For purposes of this subsection (2) of this Section 46, a
22 prepayment shall mean the payment of the total indebtedness,
23 with the exception of late payment penalties if incurred or
24 charged, on any date before the date specified in the contract
25 or loan agreement on which the total indebtedness shall be paid
26 in full, or before the date on which all payments, if timely

1 made, shall have been made. In the event of a prepayment of the
2 indebtedness which is made on a date after the date on which
3 interest on the indebtedness was last computed, calculated,
4 charged, or collected but before the next date on which
5 interest on the indebtedness was to be calculated, computed,
6 charged, or collected, the lender may calculate, charge and
7 collect interest on the indebtedness for the period which
8 elapsed between the date on which the prepayment is made and
9 the date on which interest on the indebtedness was last
10 computed, calculated, charged or collected at a rate equal to
11 1/360 of the annual rate for each day which so elapsed, which
12 rate shall be applied to the indebtedness outstanding as of the
13 date of prepayment. The lender shall refund to the borrower any
14 interest charged or collected which exceeds that which the
15 lender may charge or collect pursuant to the preceding
16 sentence. The provisions of this amendatory Act of 1985 shall
17 apply only to contracts or loans entered into on or after the
18 effective date of this amendatory Act.

19 (3) (Blank). ~~Notwithstanding any other provision of this~~
20 ~~Act, a credit union authorized under this Act to make loans~~
21 ~~secured by an interest or equity in real estate may engage in~~
22 ~~making "reverse mortgage" loans to persons for the purpose of~~
23 ~~making home improvements or repairs, paying insurance premiums~~
24 ~~or paying real estate taxes on the homestead properties of such~~
25 ~~persons. If made, such loans shall be made on such terms and~~
26 ~~conditions as the credit union shall determine and as shall be~~

1 ~~consistent with the provisions of this Section and such rules~~
2 ~~and regulations as the Secretary shall promulgate hereunder.~~
3 ~~For purposes of this Section, a "reverse mortgage" loan shall~~
4 ~~be a loan extended on the basis of existing equity in homestead~~
5 ~~property and secured by a mortgage on such property. Such loans~~
6 ~~shall be repaid upon the sale of the property or upon the death~~
7 ~~of the owner or, if the property is in joint tenancy, upon the~~
8 ~~death of the last surviving joint tenant who had such an~~
9 ~~interest in the property at the time the loan was initiated,~~
10 ~~provided, however, that the credit union and its member may by~~
11 ~~mutual agreement, establish other repayment terms. A credit~~
12 ~~union, in making a "reverse mortgage" loan, may add deferred~~
13 ~~interest to principal or otherwise provide for the charging of~~
14 ~~interest or premiums on such deferred interest. "Homestead"~~
15 ~~property, for purposes of this Section, means the domicile and~~
16 ~~contiguous real estate owned and occupied by the mortgagor.~~

17 (4) Notwithstanding any other provisions of this Act, a
18 credit union authorized under this Act to make loans secured by
19 an interest or equity in real property may engage in making
20 revolving credit loans secured by mortgages or deeds of trust
21 on such real property or by security assignments of beneficial
22 interests in land trusts.

23 For purposes of this Section, "revolving credit" has the
24 meaning defined in Section 4.1 of the Interest Act.

25 Any mortgage or deed of trust given to secure a revolving
26 credit loan may, and when so expressed therein shall, secure

1 not only the existing indebtedness but also such future
2 advances, whether such advances are obligatory or to be made at
3 the option of the lender, or otherwise, as are made within
4 twenty years from the date thereof, to the same extent as if
5 such future advances were made on the date of the execution of
6 such mortgage or deed of trust, although there may be no
7 advance made at the time of execution of such mortgage or other
8 instrument, and although there may be no indebtedness
9 outstanding at the time any advance is made. The lien of such
10 mortgage or deed of trust, as to third persons without actual
11 notice thereof, shall be valid as to all such indebtedness and
12 future advances from the time said mortgage or deed of trust is
13 filed for record in the office of the recorder of deeds or the
14 registrar of titles of the county where the real property
15 described therein is located. The total amount of indebtedness
16 that may be so secured may increase or decrease from time to
17 time, but the total unpaid balance so secured at any one time
18 shall not exceed a maximum principal amount which must be
19 specified in such mortgage or deed of trust, plus interest
20 thereon, and any disbursements made for the payment of taxes,
21 special assessments, or insurance on said real property, with
22 interest on such disbursements.

23 Any such mortgage or deed of trust shall be valid and have
24 priority over all subsequent liens and encumbrances, including
25 statutory liens, except taxes and assessments levied on said
26 real property.

1 (4-5) For purposes of this Section, "real estate" and "real
2 property" include a manufactured home as defined in subdivision
3 (53) of Section 9-102 of the Uniform Commercial Code which is
4 real property as defined in Section 5-35 of the Conveyance and
5 Encumbrance of Manufactured Homes as Real Property and
6 Severance Act.

7 (5) Compliance with federal or Illinois preemptive laws or
8 regulations governing loans made by a credit union chartered
9 under this Act shall constitute compliance with this Act.

10 (6) Credit unions may make residential real estate mortgage
11 loans on terms and conditions established by the United States
12 Department of Agriculture through its Rural Development
13 Housing and Community Facilities Program. The portion of any
14 loan in excess of the appraised value of the real estate shall
15 be allocable only to the guarantee fee required under the
16 program.

17 (7) For a renewal, refinancing, or restructuring of an
18 existing loan that is secured by an interest or equity in real
19 estate, a new appraisal of the collateral shall not be required
20 when the transaction involves an existing extension of credit
21 at the credit union, no new moneys are advanced other than
22 funds necessary to cover reasonable closing costs, and there
23 has been no obvious or material change in market conditions or
24 physical aspects of the real estate that threatens the adequacy
25 of the credit union's real estate collateral protection after
26 the transaction.

1 (Source: P.A. 97-133, eff. 1-1-12; 98-749, eff. 7-16-14;
2 98-784, eff. 7-24-14; revised 10-2-14.)

3 (205 ILCS 305/46.1 rep.)

4 (205 ILCS 305/46.2 rep.)

5 Section 920. The Illinois Credit Union Act is amended by
6 repealing Sections 46.1 and 46.2.

7 Section 925. The Residential Mortgage License Act of 1987
8 is amended by adding Section 5-5A as follows:

9 (205 ILCS 635/5-5A new)

10 Sec. 5-5A. Violations of the Reverse Mortgage Act. Any
11 violation of the Reverse Mortgage Act by a residential mortgage
12 licensee shall be considered a violation of this Act.

13 (205 ILCS 635/5-5 rep.)

14 Section 930. The Residential Mortgage License Act of 1987
15 is amended by repealing Section 5-5.

16 Section 935. The Consumer Fraud and Deceptive Business
17 Practices Act is amended by changing Section 2Z as follows:

18 (815 ILCS 505/2Z) (from Ch. 121 1/2, par. 262Z)

19 Sec. 2Z. Violations of other Acts. Any person who knowingly
20 violates the Automotive Repair Act, the Automotive Collision

1 Repair Act, the Home Repair and Remodeling Act, the Dance
2 Studio Act, the Physical Fitness Services Act, the Hearing
3 Instrument Consumer Protection Act, the Illinois Union Label
4 Act, the Job Referral and Job Listing Services Consumer
5 Protection Act, the Travel Promotion Consumer Protection Act,
6 the Credit Services Organizations Act, the Automatic Telephone
7 Dialers Act, the Pay-Per-Call Services Consumer Protection
8 Act, the Telephone Solicitations Act, the Illinois Funeral or
9 Burial Funds Act, the Cemetery Oversight Act, the Cemetery Care
10 Act, the Safe and Hygienic Bed Act, the Pre-Need Cemetery Sales
11 Act, the High Risk Home Loan Act, the Payday Loan Reform Act,
12 the Mortgage Rescue Fraud Act, subsection (a) or (b) of Section
13 3-10 of the Cigarette Tax Act, subsection (a) or (b) of Section
14 3-10 of the Cigarette Use Tax Act, the Electronic Mail Act, the
15 Internet Caller Identification Act, paragraph (6) of
16 subsection (k) of Section 6-305 of the Illinois Vehicle Code,
17 Section 11-1431, 18d-115, 18d-120, 18d-125, 18d-135, 18d-150,
18 or 18d-153 of the Illinois Vehicle Code, Article 3 of the
19 Residential Real Property Disclosure Act, the Automatic
20 Contract Renewal Act, the Reverse Mortgage Act, or the Personal
21 Information Protection Act commits an unlawful practice within
22 the meaning of this Act.

23 (Source: P.A. 96-863, eff. 1-19-10; 96-1369, eff. 1-1-11;
24 96-1376, eff. 7-29-10; 97-333, eff. 8-12-11.)